

# MEETING OF THE RAIL SERVICE COMPETITION COUNCIL

Wednesday, June 28, 2006 8:00 AM  
Conference Call; Public Meeting Room 234  
Montana State Capitol

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**COUNCIL MEMBERS PRESENT OR ON THE CALL:** Michael O'Hara, Carla Allen, Larry Bonderud, Evan Barrett, Dan Bucks, Bill Fogarty, Senator Ken Hansen, Russell Hobbs, Jim Lynch and Nancy K. Peterson

**COUNCIL MEMBERS ABSENT:** Doug Miller, Representative Tom McGillvray

**GUESTS PRESENT:** Barb Ranf, Mary Whittinghill, Gwen Florio, Morgan Fiehrer and Mike Opar

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**1.0 Chairman O'Hara called the meeting to order.** Evan Barrett explained that the conference call meeting was necessary because the regularly scheduled meeting for June 23<sup>rd</sup> did not garner a quorum. He further apologized for the lack of coordination for this meeting and explained that Adam DeYong, who had been assisting with RSCC as a staff member of the Governor's Office of Economic Development, was promoted to a lead position with the WIRED project in the Department of Labor and Industry. Evan noted that one of the outcomes of the meeting today would hopefully address the issue of needed administrative services for RSCC.

**2.0 Carla Allen requested a correction to the March 16<sup>th</sup> meeting minutes.** Page 3, Line 18 should be corrected to read "CMR is proceeding as usual" rather than MRL. The motion was made by Nancy K. Peterson to adopt the minutes as corrected. Carla seconded the motion; following discussion, the motion passed without opposition.

**3.0 GOED recommendation on Technical Assistance contract.** Evan Barrett was asked to update the council on pursuing technical assistance services for the RSCC. Mr. Barrett explained that, pursuant to earlier Council directive and his e-mail to the Council the previous week, a limited solicitation for technical service assistance was sent out to a number of railroad consulting firms. One response was received from Whiteside and Associates of Billings. The Governor's Office of Economic Development (GOED) deemed the proposal of Whiteside and Associates to the Request for Proposal to be responsive and noted Terry Whiteside had worked well with the members of the Council previously. Evan Barrett moved that the Council authorize him to proceed to get the contract in place before June 30. The motion received a second from Ken Hansen.

Under discussion and prior to the vote, Evan Barrett said the Council's previous discussion on the need for technical assistance would be provided for under this contract at a cost of roughly \$24,500, approximately 300 hours at \$80 per hour. Mr. Barrett said if more than 300 hours were required, it could be contracted out in the next fiscal year. Nancy K. Peterson and Ken Hansen both commented on previous experience with Whiteside and Associates and felt confident the some of the services required by RSCC could be met through a contract with Whiteside and Associates. Larry Bonderud requested a discussion of the administrative services contract prior to voting on the technical assistance contract.

Following the administrative services discussion (see 4.0 below) Larry Bonderud called for the question; motion passed unanimously.

**4.0 GOED recommendations on Administrative contract.** Evan Barrett briefed the Council on two responses received in response to a limited solicitation offering for administrative services the Governor's Office of Economic Development put out on behalf of the RSCC pursuant to his e-mail to the Council the previous week. Montana Economic Development Services (MEDS) and New Horizons responded. New Horizons proposed a cost of the contract to be \$5,500 base, with an additional \$55 per hour. MEDS proposed a total contract amount of \$19,200 at the rate of \$35 per hour. While the New Horizons response proposed a lesser base dollar amount, it did not include all of the activities the RSCC wishes to encompass under the contract. The MEDS proposal was responsive to the full range of services requested by the RSCC including minutes, agendas, all communications before, during and after meetings, follow-up with the press, follow-up administrative work based on meeting outcomes and additional well-rounded services. MEDS also had a very successful track record in providing administrative services to both MEDA (Montana Economic Developers Association) and the Montana Ambassadors.

Larry Bonderud said he had worked with MEDS extensively in the past and noted their competency. Nancy K. Peterson also expressed her support. Mr. Bonderud moved that the RSCC accept the proposal from MEDS, seconded by Carla Allen. The vote passed unanimously.

**5.0 Action Items – Next Council meeting.** (Note: At this time, Jim Lynch joined the meeting.) The next meeting is to be August 14<sup>th</sup>, at 10:00am in Shelby. Larry Bonderud will work with Gloria O'Rourke of MEDS to coordinate activities in terms of the meeting. Gloria O'Rourke will be notified to send her contact information to the council and all of those on the extended contact list for RSCC activities. Mike O'Hara asked anyone who had suggested agenda items to send the items to either him or Gloria. He will work with her and the Governor's Office of Economic Development to develop the agenda.

**6.0 Board Comments.**

Evan Barrett commented on the following:

- Governor Schweitzer recently spoke with James Young of Union Pacific (UP). Mr. Young indicated UP will maintain their operations with Montana. There had been discussions about selling or leasing the line to a branch line operator. However, the Port of Montana and the Butte Legislators felt it was better to have a Class 1 railroad from the south if possible. The Governor concurred in that assessment and placed the call to urge UP to maintain a presence in Montana
- Evan Barrett noted that both UP and BNSF are potential large off-take customers for a coal-to-liquids plant (should a plant be built in Montana) as they are both substantial diesel users. He wanted to acknowledge that such a potential off-take was part of the broader relationship the state had with the two Class 1 railroads.
- Regarding the Tongue River Railroad and its relationship to the Otter Creek Tracts, Evan observed that the state was facing a dilemma as the value of the coal may not be high enough without a commitment up front to a railroad and the Land Board is constitutionally required to get best market value of the coal for the school trust, yet a

request was being made to offer the coal before the railroad was fully committed to. This is a potentially awkward situation that will come before the Land Board.

Ken Hansen mentioned that BNSF was in the middle of announced meetings being held along the Hi-Line with producers and that Matthew Strong of BNSF from Fort Worth had indicated to him at the Havre meeting that BNSF wanted to keep open the doors of communication.

**7.0 Public Comments** (None)

**8.0 Adjournment.** Evan Barrett moved to adjourn the meeting at 8:45am. The motion was seconded by Larry Bonderud and passed unanimously.